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RUEHCI/AMCONSUL KOLKATA 8503  
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C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 000661

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DEPT FOR SCA/INS, DRL

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TAGS: [PGOV](#) [PREL](#) [PHUM](#) [SOCI](#) [KDEM](#) [IN](#)

SUBJECT: PUNJAB'S ELECTION OUTCOME REMAINS MURKY

REF: NEW DELHI 396

Classified By: PolCouns Ted Osius for reasons 1.4 (B,D)

1.(SBU) SUMMARY: With Punjab elections looming on February 13, India's ruling Congress party must maintain power or risk losing momentum heading into the Uttar Pradesh (UP) election season. UP remains the prize, and its elections outcome will affect the UPA's stability (reftel). Punjab is located along the India/Pakistan border, and the winner of the February 13 contest will determine the pace of ongoing efforts to encourage India/Pakistan trade and investment. However, in order to stay in power, Congress must win over an increasingly skeptical public jaded by a history of empty campaign promises. Punjab elections have historically been predictable affairs, with state leadership alternating between the Shiromani Akali Dal (SAD or Akali) and the Congress Party. This time, however, no party has excited the voter, and Congress control of the national government in New Delhi may allow it to break out of this pattern. END SUMMARY.

PUNJAB'S SIGNIFICANCE IN THE NATIONAL POLITICAL LANDSCAPE

12. (SBU) February 13 elections in Punjab may indicate how Congress will do in the upcoming UP elections, this year's biggest political showdown in India. A strong showing in Punjab would provide Congress with positive momentum going into the UP elections, where it needs to win a credible number of seats to avoid further defections from the UPA coalition. The Punjab election will signal fence-sitters in UP whether to support Congress or its hated rival the Samajwadi Party.

13. (U) In order to win again in Punjab, the Congress Party must defeat a coalition led by its traditional state rival, the Shiromani Akali Dal (SAD or Akalis). Under the leadership of Chief Minister Amarinder Singh, Congress has typically represented minority populations, including the Dalits and Muslims. While Congress currently holds power, it has been a slow uphill climb for the party. Its reputation has suffered for years after the notorious Operation Blue Star debacle in 1984, when Prime Minister Indira Gandhi sent troops into a sacred Sikh shrine to rout insurgents. Her own Sikh bodyguards subsequently assassinated her, sparking Congress-directed riots that killed 3000 Sikhs, marring Congress' reputation in a state where 65% of the population is Sikh.

14. (U) The Akalis, led by Prakash Singh Badal, are the other major political force in the state. The Akalis traditionally represent Sikh interests and have a strong base in rural areas. In 1997, the Akalis joined forces with the Hindu nationalist party, the Bharatiya Janata Party (BJP). Reflecting the familial ties between Sikhs and Hindus across the Punjab, the partnership benefited both parties. The BJP had previously condemned Operation Blue Star, and the Akalis used BJP leverage to win in the state. The Akalis remained in power until 2002, when Congress returned to power in a surprise victory.

THE (ANTI) INCUMBENCY FACTOR

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15. (U) Elections in the state are held every five years, and Congress Party and the Akalis have traditionally alternated leadership. In 1992, the Akalis' decision to boycott the election handed the Congress victory. In 1997, the Akalis and their new coalition partners, the BJP, won the state. Before the 2002 election, in an effort to make amends with Sikhs, Sonia Gandhi went to Sikh places of worship apologizing for Congress's role in the violence in the 1980s. The mending relationship between the Congress Party and Sikhs, in addition to the massive corruption exposed during Akali leader Badal's tenure as Chief Minister of Punjab, led to the 2002 Congress victory.

16. (U) Many journalists and political analysts refer to this pattern of switching between parties as the anti-incumbency factor and use it to speculate as to who will win upcoming elections. This election, however, has not fit the pattern. Punjabis are not resoundingly dissatisfied with the incumbent Congress government and do not see a big difference between the two major players, making this election more difficult to call.

ITS THE ECONOMY, STUPID!

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17. (SBU) During PolOff's January 29-February 1, 2007 visit to Punjab, many contacts expressed frustration at the choice between a "party of thieves" and a "party of bigger thieves." However, when pushed to name substantive issues, three emerged: attracting investment, continuing infrastructure development, and addressing the rise in prices of basic goods. Ramesh Vinayak, Editor of India Today, lamented that Punjab missed both the technology and manufacturing booms that blossomed in other parts of India, but noted that Punjab had benefited from investments in its booming real estate market. Many people noted that, despite party corruption, the economy is on the rise and infrastructure is improving. The political party that succeeds in convincing the electorate that it is committed and capable of continuing this trend is most likely to carry the day. The people to whom we spoke agreed Punjab can not afford to get left behind

in the next wave of economic growth.

#### CAMPAIGN GIMMICKS AND UNREALISTIC PROMISES

¶8. (U) In Punjab politics, even progress is regarded warily. On our trip, many people noted development of the roads as evidence that infrastructure had gotten better under Congress leadership. The roads are well paved and connect even some of the more remote villages. However, a group of savvy voters along the road dismissed the road construction program as a campaign gimmick. These elderly rural men complained that the paving of roads which began a year ago has not yet been completed, and would most likely remain unfinished as the election was almost over. Contacts also noted that as part of their campaign to attract rural poor votes, the Akalis have promised unrealistic food subsidies that would drive the state into a deep deficit. Both parties are offering free electricity to poor and rural families, which would similarly increase deficits.

#### TWIN CONGRESS FOES: AKALIS AND THE BSP

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¶9. (SBU) According to our contacts, the Akalis no longer need their alliance with the BJP. The BJP is contesting 23 of the 117 seats in the Legislative Assembly, and even generous estimations project it to win at most 2-3 seats. Much more interest has developed regarding the Bahujan Samaj Party, (BSP) plans to contest all 117 seats in the Punjab elections.

None of our contacts believe the BSP will win any of these seats. However, T.S. Kohli, the editor of the local Jalandhar paper the Akali Patrika, expounded a more sneaky role played by the BSP in the elections. He told us that the leader of the Akalis, Prakash Singh Badal, cut a deal with the leader of the BSP, Mayawati. The BSP's primary constituency is comprised of Dalits that would otherwise vote for the Congress Party. In exchange for a bribe, according to Kohli, she would commit her party to contest every seat in Punjab, steering the Dalit vote away from the Congress Party throughout the state.

#### VIOLENCE AND VOTE BUYING: CONGRESS GETS DESPERATE?

¶10. (SBU) During our visit to Punjab, on January 29, 2007, the first of many acts of violence expected during the upcoming elections occurred. The brother of a Congress Party Minister in the State Assembly shot and killed an Akali campaign worker. Our contacts argued that a desperate Congress Party will increasingly resort to violence. They maintained Congress is under severe pressure from the New Delhi leadership to produce a victory, especially given the stakes in UP.

¶11. (U) While our contacts assured us that Punjab would hold fair and free elections, it appeared to be common knowledge that both Congress and the Akalis will buy many votes. Our interlocutors understood the negative impact of vote buying, yet accepted the practice as a normal part of Punjab's electoral culture and not something surprising to them.

#### CONGRESS LEADERSHIP PROBLEMS

¶12. (SBU) A Congress victory would not ensure continued leadership for Chief Minister Amarinder Singh, who has a reputation for being inaccessible and corrupt. Other contenders for the slot include Deputy Chief Minister Rajinder Kaur Bhattal. Journalist contacts named her as the real brains behind the current administration. The Congress Party is also considering Shamsher Singh Dullo, the President of the Punjab Congress Party and a Dalit.

¶13. (SBU) Both Sonia Gandhi and Prime Minister Manmohan Singh campaigned in Punjab. The PM, a Punjabi Sikh himself, was unable to draw large crowds or generate much excitement. According to our contacts in Punjab, their presence has not benefited Congress. Journalists and other contacts criticized the Prime Minister as a puppet of Sonia Gandhi. Punjabis expressed strong disappointment about the PM, stating that he has not used his position to address the needs or interests of Punjabis. Despite being a "son of Punjab," PM Singh was dismissed by many for his purported lack of devotion to his home state. In the minds of Punjabis, since becoming PM, Singh has rarely visited and given very little attention to the state.

COMMENTS: PUNJAB AT A CROSSROAD

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¶14. (U) Animosity has deepened over the years between the leadership of the Congress and Akali Parties. If the Akalis win this election, the new government will likely arrest the current Chief Minister for his role in a number of corrupt deals that Akalis believe transpired throughout his tenure in office. Likewise, if the Congress Party wins, the Akalis will be in the hot seat and scrutinized for another five years. The fighting has become personal and will intensify over the next week.

¶15. (U) Ordinarily Punjabi elections are easy to call, as the "anti-incumbency factor" usually leads to a change of government. This time, it may be more difficult as the voters are disgusted with both parties. Each party appears solely interested in enriching itself and family members. The common Punjabi has seen little benefit from the state's economic development. Public schools and the government health care system that ordinary Punjabis rely on are failing, the agriculture sector which provides employment to the rural underclass is in flux, and technology firms are not flocking to Punjab. Private investment is desperately needed in the state, but requires good policies and the cooperation of the state government. The next government must attract investment and secure economic opportunity to move the state forward. Voters are not convinced that either party can deliver.

¶16. (SBU) The Punjab would receive a huge boost from more trade and travel access to Lahore, Pakistan. Amritsar used to be a favored stop on the Grand Trunk Road, but has atrophied during sixty years of isolation. If the normal trade patterns of the former undivided Punjab could be re-established, even the most corrupt politicians could not stunt the ensuing economic boom.

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